

STATE OF INDIANA



INDIANA UTILITY REGULATORY COMMISSION
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DEC 21 2004

INDIANA UTILITY
REGULATORY COMMISSION

CAUSE NO. 42115 GCA-1

PETITION OF VALLEY RURAL UTILITY)
COMPANY FOR APPROVAL OF A)
NECESSITY CERTIFICATE PURSUANT TO)
IND. CODE §8-1-2-87 TO PROVIDE)
NATURAL GAS UTILITY SERVICE)
IN CERTAIN RURAL AREAS OF)
DEARBORN COUNTY, INDIANA,)
FOR APPROVAL OF RATES AND CHARGES)
FOR SUCH SERVICE, AND FOR AN)
ORDER FROM THE INDIANA UTILITY)
REGULATORY COMMISSION PURSUANT)
TO IND. CODE §8-1-2.5 DECLINING TO)
EXERCISE, IN PART, ITS JURISDICTION)
AND APPROVING AN ALTERNATIVE)
REGULATORY PLAN.)

You are hereby notified that on this date the Indiana Utility Regulatory Commission ("Commission") has caused the following entry to be made:

The Presiding Officers have reviewed the evidence presented in this matter and hereby find that Petitioner should prepare and file a written response on or before Wednesday, December 29, 2004, addressing the following issues:

1. On page 5 of Petitioner's Exhibit 1, Attachment "A", lines 5 and 6, Petitioner's witness David J. Eigel explained that Valley Rural Utility Company ("VRUC") has a contract with ProLiance which allows VRUC to flow as much gas as is required to serve its system. Then on page 2 of Petitioner's Exhibit 2, lines eight through 10, Mr. Eigel provided supplemental testimony as to VRUC's load hedge and a forward purchase made on August 4, 2004: "At the time of that transaction, our marketer would not authorize us to hedge more than 10% of the projected load for the period."
 - a. While Mr. Eigel's first statement might imply that VRUC has unfettered access to the gas it needs to serve its system, his second statement suggests a limitation or restriction by ProLiance on the transactions VRUC is authorized to execute. Please explain this apparent disparity and describe what other limitations or restrictions exist on VRUC's transactional authority.

- b. Please describe ProLiance's role as a marketer in VRUC's business operations, and explain what advantage(s) this relationship affords VRUC.

IT IS SO ORDERED.

David W. Hadley
David W. Hadley, Commissioner

Andrea L. Brandes
Andrea L. Brandes, Administrative Law Judge

December 21, 2004
Date